



MEMORANDUM

Date: October 10, 2024

To: Honorable Mayor and Commissioners

Via: Todd Stoughton
Interim City Manager

From: Matt Willman, Interim Utilities Director

Subject: **24-6305 Annual Adjustment of Tipping Fee for Fiscal Year 2024/2025 and Updating material types received at the transfer station and establishing appropriate fees.**

Introduction

Approval of this resolution will adjust the tipping fee by 1% and establish appropriate fees for accepted materials at the City of Key West Transfer Station on Rockland Key.

Background

All self-hauled materials accepted at the city's transfer station, are charged a fee for the handling and disposal of the material. Examples of self-haul disposal activity include dumping of landscape material and debris from construction activity.

The city transfer station accepts recyclable materials **free** of charge for self-haulers. As part of the haul out contract the City does not pay transportation and disposal fees on these accepted wastes; however, the City does pay Transfer Station Operations (TS OPS) fees to the franchise hauler for all tonnages that pass through the City transfer station. In FY 2023 the acceptance of materials free of charge cost the City Solid Waste Fund approximately \$7,000.00 in TS OPS fees and is on track to cost \$8,000 in FY 2024. It is recommended to establish a tipping fee to cover operational costs making it still financially beneficial for self-haulers while reducing the impact on rate payers.

From FY 2017 through FY2020 the average volume of waste tires accepted was 48.14 tons for FY 2021 through FY 2023 the average volume of accepted waste tires was 89.91 tons. Previously accepted waste tire management included mixing waste tires with municipal solid waste (garbage) and transporting for processing at Waste to Energy facilities. Due to the volume of waste tires accepted at the city transfer station this is no longer viable means of disposal. As per the contract a solid waste that requires special handling and management is considered a Special Waste. Currently transportation and disposal costs for

waste tires exceed the transfer station tipping fee by \$203.45 per ton. In an effort to avoid raising the overall tipping fee on all accepted waste types, staff recommends establishing other material type fees, so the waste generators cover excess hauling and disposal costs.

The tipping fees are charged to support the following costs:

- Transfer station staffing and operations for city staff and Waste Management contract staff.
- Hauling costs from the transfer station to mainland Florida facilities.
- Capital improvements to the transfer station.
- Generate and maintain adequate reserve capital for future use.

Procurement

Section 58-67 of the Code of Ordinances authorizes the City Manager to administratively adjust the tipping fee; however, it has been customary for staff to seek City Commission approval of an increase to the tipping fee. Staff believes that this practice provides adequate oversight and transparency.

As per the Code of Ordinances, the tipping fee may be “adjusted by a percentage equal to the change in the Consumer Price Index (CPI) published by the Bureau of Labor Statistics of the United States Department of Labor for June of the current year of adjustment, compared with the index for June of the preceding year”. The CPI-U from June 2023 to June 2024 is 3%.

The city’s rate model consultant conducted rate studies for solid waste expenses as well as revenue anticipated to be generated into the next fiscal year. The solid waste rate model for the upcoming fiscal year projects that a rate increase of 1.0 % is adequate to meet the objectives of the fee. The proposed fee increase is within the limits prescribed by city ordinance.

It is in the rate payers’ best interest to establish a tipping fee for recyclables that were previously accepted free of charge at the transfer station. The recommended tipping fee is to cover the transfer station operating costs and will be significantly lower than the tipping fee for other accepted wastes.

As per the City’s contracts with the franchise hauler the establishment of a special waste fee is warranted to cover the costs associated with the transportation and disposal of waste tires.

The proposed tipping fees for Fiscal Year 2024/25 is as follows:

	FY 2024 Current Rate	Recommended FY 2025 Tipping Fee
Tipping Fee	\$175.79 (per ton)	\$177.55 (per ton)
Recyclable Materials Tipping Fee		\$18.90 per ton
Waste Tires Tipping Fee		\$381.00 per ton

Recommendation

The City Manager’s Office recommends the Mayor and City Commission approve an increase in the Tipping Fee for Fiscal Year 2024/2025 and establish tipping fees for the acceptance of recyclables and waste tires as per the table above.